

USDA-RUS

**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

BORROWER NAME

Range Telephone Cooperative, Inc.

(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
December, 2014

BORROWER DESIGNATION
MT0518

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII
(Check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report.

Robin Stephens

3/30/2015

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents	3,434,644	5,762,075	25. Accounts Payable	1,740,207	1,699,565
2. Cash-RUS Construction Fund	0	0	26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments	419,000	392,000
a. Telecom, Accounts Receivable	636,515	594,126	28. Customer Deposits	39,765	44,280
b. Other Accounts Receivable			29. Current Mat. L/T Debt	1,542,575	993,599
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued	71,312	(526,643)
b. Other Accounts Receivable	1,442,198	(582,469)	33. Other Taxes Accrued	182,445	117,122
c. Notes Receivable			34. Other Current Liabilities	523,455	365,939
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)	4,518,759	3,085,862
6. Material-Regulated	892,834	754,491	LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments	260,978	216,129	37. Funded Debt-RTB Notes		
9. Other Current Assets	435	435	38. Funded Debt-FFB Notes	6,519,039	9,306,017
10. Total Current Assets (1 Thru 9)	6,667,604	6,744,787	39. Funded Debt-Other	1,936,839	1,452,630
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan	143,992	127,984
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development	32,251,377	36,071,802	43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development	160,000	143,992	45. Other Long-Term Debt		
b. Nonrural Development	323,562	336,296	46. Total Long-Term Debt (36 thru 45)	8,599,870	10,886,631
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets	12,980	12,980	47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits	2,337,119	2,835,991
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)	32,747,919	36,565,070	50. Total Other Liabilities and Deferred Credits (47 thru 49)	2,337,119	2,835,991
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service	80,807,369	85,116,712	51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction	3,416,722	3,574,256	53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates	64,577	64,577
22. Less Accumulated Depreciation	57,322,360	60,526,328	55. Other Capital	(268,230)	(2,005,431)
23. Net Plant (18 thru 21 less 22)	26,901,731	28,164,640	56. Patronage Capital Credits	46,370,294	50,008,502
24. TOTAL ASSETS (10+17+23)	66,317,254	71,474,497	57. Retained Earnings or Margins	4,694,865	6,598,365
			58. Total Equity (51 thru 57)	50,861,506	54,666,013
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)	66,317,254	71,474,497

Total Equity = 76.48% % of Total Assets

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		MT0518	
		PERIOD ENDING	
INSTRUCTIONS- See RUS Bulletin 1744-2		December, 2014	
PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS			
ITEM		PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		2,173,461	1,973,069
2. Network Access Services Revenues		7,516,819	7,451,237
3. Long Distance Network Services Revenues		3,598	3,172
4. Carrier Billing and Collection Revenues		147,371	137,464
5. Miscellaneous Revenues		492,973	47,516
6. Uncollectible Revenues		1,199	(3,780)
7. Net Operating Revenues (1 thru 5 less 6)		10,333,023	9,616,238
8. Plant Specific Operations Expense		3,101,901	2,670,123
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		692,434	800,732
10. Depreciation Expense		3,058,544	3,196,828
11. Amortization Expense			
12. Customer Operations Expense		540,350	486,341
13. Corporate Operations Expense		1,829,893	1,707,029
14. Total Operating Expenses (8 thru 13)		9,223,122	8,861,053
15. Operating Income or Margins (7 less 14)		1,109,901	755,185
16. Other Operating Income and Expenses			
17. State and Local Taxes		160,815	186,762
18. Federal Income Taxes		95,598	14,133
19. Other Taxes			
20. Total Operating Taxes (17+18+19)		256,413	200,895
21. Net Operating Income or Margins (15+16-20)		853,488	554,290
22. Interest on Funded Debt		254,059	255,153
23. Interest Expense - Capital Leases			
24. Other Interest Expense		1,161	407
25. Allowance for Funds Used During Construction		38,948	54,711
26. Total Fixed Charges (22+23+24-25)		216,272	200,849
27. Nonoperating Net Income		3,707,885	5,768,465
28. Extraordinary Items		12,460	119,597
29. Jurisdictional Differences			
30. Nonregulated Net Income		337,304	356,862
31. Total Net Income or Margins (21+27+28+29+30-26)		4,694,865	6,598,365
32. Total Taxes Based on Income			
33. Retained Earnings or Margins Beginning-of-Year		3,960,449	4,694,865
34. Miscellaneous Credits Year-to-Date			
35. Dividends Declared (Common)			
36. Dividends Declared (Preferred)			
37. Other Debits Year-to-Date			
38. Transfers to Patronage Capital		3,960,449	4,694,865
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		4,694,865	6,598,365
40. Patronage Capital Beginning-of-Year		43,375,340	46,370,294
41. Transfers to Patronage Capital		3,960,449	4,694,865
42. Patronage Capital Credits Retired		965,495	1,056,657
43. Patronage Capital End-of-Year (40+41-42)		46,370,294	50,008,502
44. Annual Debt Service Payments		2,017,846	1,792,994
45. Cash Ratio [(14+20-10-11) / 7]		0.6214	0.6099
46. Operating Accrual Ratio [(14+20+26) / 7]		0.9383	0.9632
47. TIER [(31+26) / 26]		22.7081	33.8524
48. DSCR [(31+26+10+11) / 44]		3.9496	5.5751

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INSTRUCTIONS - See RUS Bulletin 1744-2

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December, 2014

Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
ARVADA	22.44	18.70	46	129	175	460.41	106.90
ASHLAND	22.44	18.70	136	433	569	505.14	50.27
BIRNEY	22.44	18.70	8	63	71	147.33	23.53
BROADUS	22.44	18.70	201	349	550	261.00	52.60
BUSBY	22.44	18.70	44	203	247	121.94	17.64
CLEARMONT	22.44	18.70	40	111	151	211.53	62.59
DECKER	22.44	18.70	112	186	298	538.82	102.51
HYSHAM	22.44	18.70	109	329	438	606.32	126.86
LAME DEER	22.44	18.70	484	642	1,126	263.00	57.96
NORTH BROADUS	22.44	18.70	7	103	110	314.76	51.28
ROSEBUD	22.44	18.70	77	172	249	342.20	101.14
SE SHERIDAN	22.44	18.70	77	193	270	262.05	45.89
SOUTH BROADUS	22.44	18.70	47	227	274	680.32	121.01
SOUTH MILES CITY	22.44	18.70	17	172	189	555.28	156.87
SUNDANCE	22.44	18.70	420	703	1,123	631.04	168.65
FORSYTH CLEC	33.80	16.50	332	634	966	253.56	202.40
ALZADA	22.44	18.70	26	73	99	331.15	78.49
MobileWireless					0		
Route Mileage Outside Exchange Area						0.00	0.00
Total			2,183	4,722	6,905	6,485.85	1,526.59
No. Exchanges	17						

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INSTRUCTIONS - See RUS Bulletin 1744-2

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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE

EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Details on Least Expensive Broadband Service						Type Of Technology (g)
			Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	StandAlone/Pckg (f)		
ALZADA	100	65	6	384	256	23.95	StandAlone	DSL	
ARVADA	170	95	2	384	256	23.95	StandAlone	DSL	
ASHLAND	540	356	5	384	256	23.95	StandAlone	DSL	
BIRNEY	68	46	0	384	256	23.95	StandAlone	DSL	
BROADUS	535	351	18	384	256	23.95	StandAlone	DSL	
BUSBY	235	164	3	384	256	23.95	StandAlone	DSL	
CLEARMONT	165	90	4	384	256	23.95	StandAlone	DSL	
DECKER	290	151	5	384	256	23.95	StandAlone	DSL	
HYSHAM	435	268	10	384	256	23.95	StandAlone	DSL	
LAME DEER	1,020	551	6	384	256	23.95	StandAlone	DSL	
NORTH BROADUS	100	65	7	384	256	23.95	StandAlone	DSL	
ROSEBUD	245	135	12	384	256	23.95	StandAlone	DSL	
SE SHERIDAN	265	180	7	384	256	23.95	StandAlone	DSL	
SOUTH BROADUS	250	182	7	384	256	23.95	StandAlone	DSL	
SOUTH MILES CITY	114	114	4	384	256	23.95	StandAlone	DSL	
SUNDANCE	1,120	606	17	384	256	23.95	StandAlone	DSL	
FORSYTH CLEC	965	557	16	384	256	23.95	StandAlone	DSL	
Total	6,617	3,976							

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS			BORROWER DESIGNATION MT0518 PERIOD ENDING December, 2014		
INSTRUCTIONS- See RUS Bulletin 1744-2					
PART D. SYSTEM DATA					
1. No. Plant Employees	26	2. No. Other Employees	20	3. Square Miles Served	15,704
				4. Access Lines per Square Mile	.44
				5. Subscribers per Route Mile	1.06
PART E. TOLL DATA					
1. Study Area ID Code(s) a. 482251 b. 489007 c. 512251 d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one) <div style="display: flex; justify-content: space-between;"> <div> Interstate: <input type="checkbox"/> Average Schedule Intrastate: <input type="checkbox"/> Average Schedule </div> <div> <input checked="" type="checkbox"/> Cost Basis <input checked="" type="checkbox"/> Cost Basis </div> </div>			
PART F. FUNDS INVESTED IN PLANT DURING YEAR					
1. RUS, RTB, & FFB Loan Funds Expended					3,370,666
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					1,076,562
6. Salvaged Materials					29,016
7. Contribution in Aid to Construction					163,119
8. Gross Additions to Telecom. Plant (1 thru 7)					4,639,363
PART G. INVESTMENTS IN AFFILIATED COMPANIES					
INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development		4,770,425	5,122,620	30,949,182	36,071,802

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**OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS**

BORROWER DESIGNATION

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PERIOD ENDING

December, 2014

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)

☒

YES

☐

NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	12.00%
2. Land and support assets - Aircraft	12.00%
3. Land and support assets - Special purpose vehicles	12.00%
4. Land and support assets - Garage and other work equipment	15.00%
5. Land and support assets - Buildings	4.17%
6. Land and support assets - Furniture and Office equipment	14.30%
7. Land and support assets - General purpose computers	14.69%
8. Central Office Switching - Digital	10.00%
9. Central Office Switching - Analog & Electro-mechanical	10.00%
10. Central Office Switching - Operator Systems	10.00%
11. Central Office Transmission - Radio Systems	10.00%
12. Central Office Transmission - Circuit equipment	12.40%
13. Information origination/termination - Station apparatus	9.77%
14. Information origination/termination - Customer premises wiring	10.00%
15. Information origination/termination - Large private branch exchanges	10.00%
16. Information origination/termination - Public telephone terminal equipment	10.00%
17. Information origination/termination - Other terminal equipment	10.00%
18. Cable and wire facilities - Poles	7.60%
19. Cable and wire facilities - Aerial cable - Metal	4.60%
20. Cable and wire facilities - Aerial cable - Fiber	4.60%
21. Cable and wire facilities - Underground cable - Metal	4.40%
22. Cable and wire facilities - Underground cable - Fiber	4.40%
23. Cable and wire facilities - Buried cable - Metal	6.00%
24. Cable and wire facilities - Buried cable - Fiber	5.00%
25. Cable and wire facilities - Conduit systems	6.00%
26. Cable and wire facilities - Other	6.00%

USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		MT0518	
		PERIOD ENDED December, 2014	
INSTRUCTIONS – See help in the online application.			
PART I – STATEMENT OF CASH FLOWS			
1.	Beginning Cash (Cash and Equivalents plus RUS Construction Fund)		3,434,644
CASH FLOWS FROM OPERATING ACTIVITIES			
2.	Net Income		6,598,365
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
3.	Add: Depreciation		3,196,828
4.	Add: Amortization		0
5.	Other (Explain)		
Changes in Operating Assets and Liabilities			
6.	Decrease/(Increase) in Accounts Receivable		2,067,056
7.	Decrease/(Increase) in Materials and Inventory		138,343
8.	Decrease/(Increase) in Prepayments and Deferred Charges		44,849
9.	Decrease/(Increase) in Other Current Assets		0
10.	Increase/(Decrease) in Accounts Payable		(40,642)
11.	Increase/(Decrease) in Advance Billings & Payments		(27,000)
12.	Increase/(Decrease) in Other Current Liabilities		(820,794)
13.	Net Cash Provided/(Used) by Operations		11,157,005
CASH FLOWS FROM FINANCING ACTIVITIES			
14.	Decrease/(Increase) in Notes Receivable		0
15.	Increase/(Decrease) in Notes Payable		0
16.	Increase/(Decrease) in Customer Deposits		4,515
17.	Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)		1,737,785
18.	Increase/(Decrease) in Other Liabilities & Deferred Credits		498,872
19.	Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital		(1,737,201)
20.	Less: Payment of Dividends		0
21.	Less: Patronage Capital Credits Retired		(1,056,657)
22.	Other (Explain)		
23.	Net Cash Provided/(Used) by Financing Activities		(552,686)
CASH FLOWS FROM INVESTING ACTIVITIES			
24.	Net Capital Expenditures (Property, Plant & Equipment)		(4,466,877)
25.	Other Long-Term Investments		(3,817,151)
26.	Other Noncurrent Assets & Jurisdictional Differences		0
27.	Other (Explain) net investments to balance cash flow		7,140
28.	Net Cash Provided/(Used) by Investing Activities		(8,276,888)
29.	Net Increase/(Decrease) in Cash		2,327,431
30.	Ending Cash		5,762,075

Revision Date 2010

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION MT0518
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	
Nothing special or unusual to report for 2014.	

USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	MT0518
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2014
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	